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## **Introduction**

As part of Midlothian Council's commitment to involving tenants and other service users in the management of housing services it undertook consultation on the future rent setting strategy before making a recommendation on the rent charges during the period 2019/20 to 2021/22.

When making decisions about the future rent strategy, the Council needs to ensure that it adequately forecasts the cost of managing and maintaining its housing stock and meets standards including maintaining stock to the Scottish Housing Quality Standard and Energy Efficiency Standard for Social Housing. It also needs to decide whether to build a further phase of new council housing beyond the current phase of development which is currently underway. In addition, it needs to take account of good practice guidance from the Scottish Housing Regulator in relation to consulting on rent setting, which advises that:

Social landlords should consult tenants about rent increases in ways that enable them to express informed views on options for different rent levels with clear information on what they mean for services and investment in homes. Landlords should:

- Consider their tenant profile and the best ways to engage with tenants about proposed rent increases;
- Give tenants easy-to-understand information to help them express informed views;
- Give tenants genuine options for proposed rent increases and spell out what they mean for levels of investment in homes and the level of services offered;
- Discuss with tenants the level of service they want;
- Talk to current and prospective tenants about what level of rent is affordable for them;
- Be transparent about how they determine affordability; and

- Show tenants how their views were taken into consideration in decisions and give them feedback on the consultation process.<sup>1</sup>

### **What was the Council's Approach to Consultation?**

Following a review of good practice, the following methods were agreed:

- Development of an easy to read and attractive newsletter which provided information on rent and affordability to give tenants and other service users an improved understanding to inform their decision making on rent setting options.
- Development of a Survey which asked key questions about the future rent setting strategy, including providing four options for tenants and prospective tenants to select.
- Arranging 4 rent consultation drop in events across Midlothian during January 2018.
- Consulting with members of the Midlothian Tenant Panel and other tenant and resident groups.
- Providing tenants and applicants with a range of ways of providing feedback, including face to face, telephone, email and post.

This report contains key information derived from the consultation exercise, including:

- Analysis of Survey Data and the preferred option for rent increases during the next three years.
- Feedback from Tenant Groups and Drop in Events.
- Officer's responses to comments received during the consultation process.

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<sup>1</sup> How Social Landlords Consult Tenants about Rent Increases, Scottish Housing Regulator (2016)

## Section 1: Analysis of Survey of Tenants and Prospective Tenants

A total of 10,577 Survey returns were sent out in December 2017 with the deadline for responses being the 15<sup>th</sup> January 2018. Table 1, below, shows that 11% of tenants and 8% of housing list applicants responded to the Survey, with a total of 1,040 Surveys completed. The majority of Surveys were completed via postal returns while 7 respondents completed their Survey online. This was a lower return compared to the previous consultation undertaken in 2015 when 1,268 responses were received. However it is still a better return compared to the rent consultation in 2010 when 417 surveys were returned. This level of response compares well to other Registered Social Landlords (RSLs).

**Table 1: Response Rate to Rent Setting Survey<sup>2</sup>**

Respondent Type	Total Number	Number of Respondents	Percentage Response
Tenant	6,861	738	11%
Applicant	3,716	302	8%
Total	10,577	1,040	10%

### Views about New Build

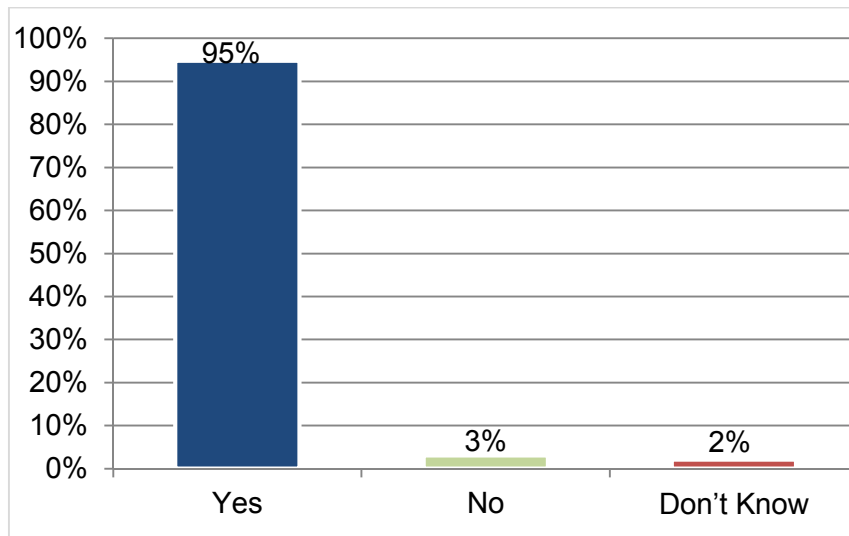
Tenants and applicants were asked some questions relating to the Council's New Build Programme which is closely linked to the future rent setting options.

Chart 1, indicates the response to the question "Should the Council continue to build new council housing to help reduce the number of applicants on the housing list"? It shows that the vast majority of respondents were supportive of additional investment in new council housing – with 95% of respondents supporting this. Of tenants who responded, 93% supported new council housing, compared to 99% of applicants on the waiting list.

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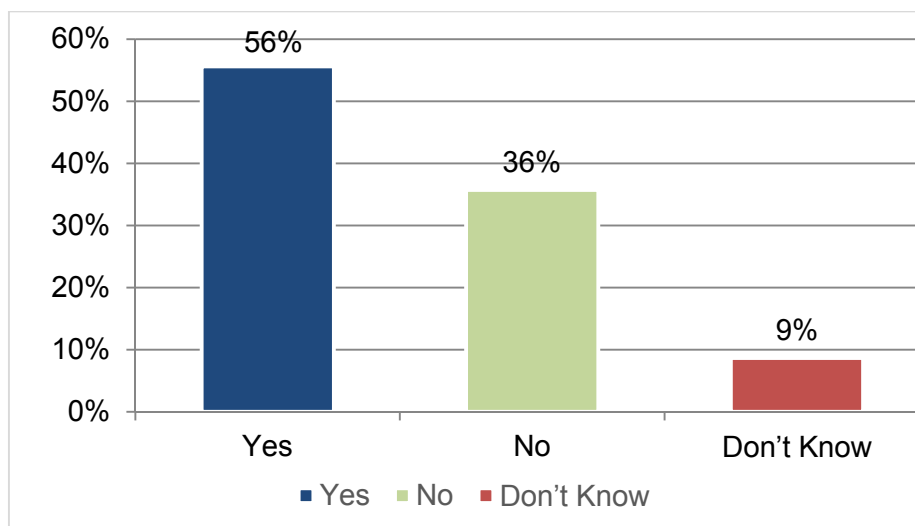
<sup>2</sup> The number of applicants on the Housing List is reduced for the purposes of the mail-out as current tenants who are on the Housing List will have already received a Survey and also some applicants do not have a fixed abode as an address.

**Chart 1: Support for new council housing**



Midlothian Council places a 25% premium on new build rents for the first 10 years of let to support the funding for this investment. Those surveyed were asked if they thought new build homes should have higher rents than older properties. Chart 2 shows that 56% of respondents thought new build rents should be higher. Just over one third of those surveyed (36%) did not think rents should be higher. A significant proportion (9%) felt unsure about what their view was in relation to this question. Applicants on the Housing List were less supportive of higher new build rent levels with 45% stating they agreed with this compared to 63% of current tenants.

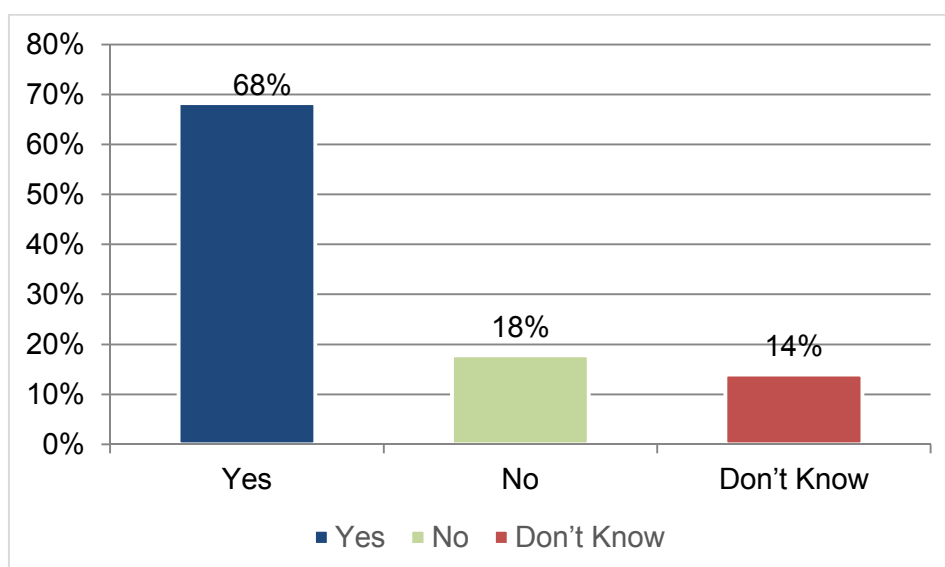
**Chart 2: Premium on new build rent levels**



### Approach to Consultation

Those surveyed were asked if they were happy with the amount of consultation and information provided as part of the Rent Consultation. Chart 3 shows that over two-thirds of survey respondents were satisfied with the approach to consultation. In terms of other responses, 18% were dissatisfied with the approach to consultation and 14% were not sure of their opinion.

**Chart 3: Satisfaction with Rent Consultation**



### Options for Future Rent Increase

Tenants and housing list applicants were then asked to select their preferred option for annual rent increases for 2019/20 – 2021/22. They were also reminded that the rent increase for 2018/19 was already set at 5%. Those surveyed were also made aware of the impact on new build plans that different rent increase options would have, with higher increases providing more funding to provide a larger number of new build housing, as shown in Table 2. There has been a significant increase in the total number of council homes that can be built partly because the level of Scottish Government funding has significantly increased and now provides £57,000 of funding for every new council house that Midlothian Council builds.

**Table 2: Rent Increase Options**

Option	Annual Increase between 2019/20 to 2021/22	Total Number of Additional New Homes Built
Option 1	3%	1,000
Option 2	3.5%	1,190
Option 3	4%	1,385
Option 4	5%	1,770

Table 3 shows the preferences of respondents. It is evident that Option 1 (a 3% increase) was the most popular choice: 564 respondents or 56% of those who responded selected this option. Option 2 was the second most popular Option, with 187 respondents (19%) choosing this. Option 4 was chosen by 173 respondents (17%). The least popular choice was Option 3, with 81 respondents (8%) choosing this.

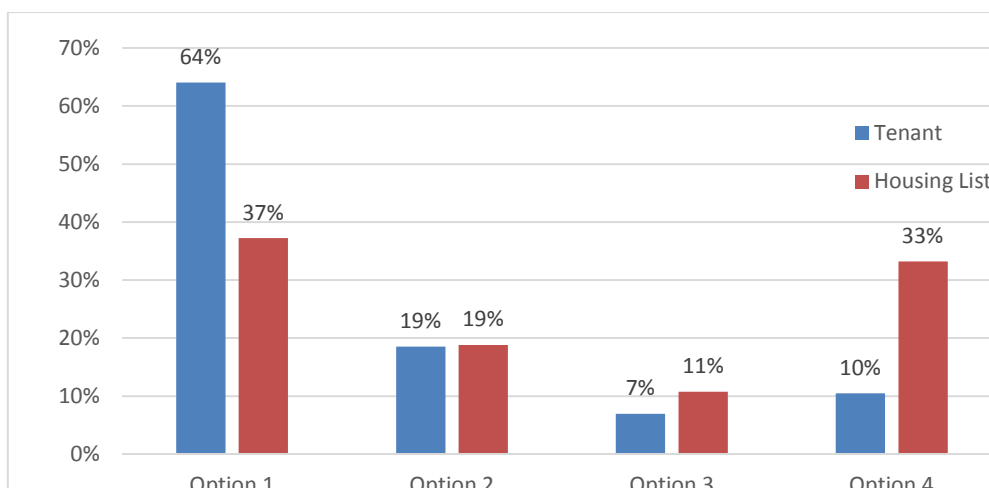
**Table 3: Preferred Rent Option 2019/20 – 2021/22**

Rent Option	Option 1 3%	Option 2 3.5%	Option 3 4%	Option 4 5%
Number	564	187	81	173
%	56%	19%	8%	17%

However, there was significant differences between the views of tenants and housing list applicants. Chart 4 shows that Option 1 was the most popular option for tenants who responded (64% of tenants) while all other options had a much lower response. The second most common choice for tenants was Option 2 (19%). For housing list applicants the most commonly chosen option was also Option 1 (37%), however Option 4 was a close second (33%) which was a vote for the highest rent increase.



**Chart 4: Preferred Rent Option, by Respondent Type**



Further analysis of the results raised the following points of information:

- Support for the lowest rent increase was higher for those living in larger properties. For example, 61% of tenants living in a 1 bedroom property and 63% of tenants in a 2 bedroom property chose Option 1, compared to 69% of tenants living in a 3 bedroom property.
- In terms of income, tenants who received Housing Benefit/Universal Credit to support payment of their rent were more likely to support higher rent increase options compared to tenants who did not receive any support to pay their rental costs.
- Tenants who have been a council tenant for a longer period of time favoured the lowest rent increase option. For example 68% of tenants who have held a tenancy for between 11 and 20 years chose Option A compared to 60% of tenants who had been a tenant for between 6 and 10 years. This could be for a variety of reasons, such as longer term tenants being more likely to be retired on a low income or possibly more recent tenants were more likely to need a transfer to another property to accommodate a growing household.

### **New Build Rent Premium**

In November 2009, Midlothian Council agreed to proposals for the rent strategy for new build council housing as follows:

*“The weekly rent for new build properties is 25% higher than that of the equivalent size of existing property. Over time it is appropriate that new build and existing rents should converge and it is therefore proposed to achieve this by applying a rent increase for each new build property of 2% below the general increase starting with the first rent increase which is applied 10 years after the whole site was completed.”*

This will affect properties at Bill Russell Grove in 2018/19, with further estates to follow in 2019/20. Under this Policy by 2028 all 1,052 current new builds would have their rental costs reduced, moving towards being charged the same rent charge as an older property. This poses a number of challenges for the Housing Service:

- The Council is required to consult with tenants on a regular basis with tenants on the rent charge and rent increase that they are required to pay. For tenants who live in a new build house it could be confusing for them as they will need to decide on different rent increase options. It would be a complicated administrative process to undertake rent consultation with new build tenants who may be affected by rent convergence over different time periods.
- The length of time it would take for the rental charge for a new build property to converge with existing properties is estimated at 21 years. It may be difficult to justify charging a ‘new build’ premium on a property over 20 years old.
- It is administratively onerous to set different rental increases for different houses built in different years and to do so would require an upgrade to the housing management system.

As part of the consultation, Tenants and Housing List applicants were given three options and asked which one they would favour. All options were not detrimental to the income of the Housing Revenue Account, so current levels of investment were not adversely impacted. The options were:

### **Option A**

#### **15 Year New Build Rent Premium**

This option means that all new build tenants pay a 25% premium for 15 years instead of the current policy of 10 years from the year it was built. After this time the rents reduce by 25% to exactly the same level as older council housing. This option is the quickest way for tenants to pay a lower rent and avoids a long period of transition to a lower rent level.

## Option B

### Retain New Build Rent Premium

This option would mean that tenants in new homes would pay 25% higher rents permanently. This would provide extra income to the Council which could potentially fund additional future development. However, some tenants living in recently built houses may feel disadvantaged by paying a higher rent charge and may face affordability issues.

## Option C

### Freeze the Rents in New Build Properties

This option would mean that after 10 years the rent charged for a new build house would be frozen until the rent for older properties have caught up. This would avoid new build tenants paying more in the short term although it would take a varying time for rent charge to reduce. This would be dependent on the level of annual rent increases applied. For example, if rent increases were at 4% every year it would take a further 7 years for the rent charge to return to the same level of older properties. If the rent increases were 3% per annum it would take a further 8 years for the rent charge to return to the same level of older properties.

Table 4 below shows that Option C was chosen by 41% of Survey respondents. Option B was the second most popular option, chosen by 40% of respondents. However, the table also shows that tenants preferred Option A, with 42% of tenants who responded favouring this Option. Midlothian Council has a statutory duty to consult with tenants but not Housing List applicants, therefore Officers need to particularly consider tenants views when making decisions.

**Table 4: Preferred Option for New Build Premium**

Option	Action	Tenants and Housing List	Tenants Only	Housing Applicants Only
Option A	Retain New Build Premium for 15 Years then reduce rent to same as older homes	40%	42%	36%
Option B	Retain New Build Premium Permanently	19%	22%	12%
Option C	Freeze New Build Rents after 10 years until the rent charge for older homes are at a similar level.	41%	36%	52%

### How do results compare with Consultation in 2015?

The Chart below shows the preferences for options put to tenants and housing list applicants in 2015 when the previous consultation on rent setting took place. Similar to 2017/18 this would also determine if a further phase of council house building would proceed. The results are shown in Table 5. It shows that there was stronger support for the higher rent increases than is the case in the 2017/18 consultation. The low support for higher rent increases in 2017/18 is likely to be due to a number of factors:

- Several years of above inflation rent increases has become less acceptable to an increased proportion of tenants and housing list applicants.
- The lowest rent increase: Option in 2015 (Option 1: 4%) did not provide for any new build housing whereas in 2017/18 the lowest increase provides funding for a total of 1,000 new council homes. This higher figure of development is due to low debt charges, increased subsidy from the Scottish Government and that this figure takes account of several sites for development due to be completed from an earlier phase of funding for new housing.

**Table 5: Preferred Rent Option 2015**

<b>Rent Option</b>	<b>Option 1 4%</b>	<b>Option 2 4.5%</b>	<b>Option 3 5%</b>	<b>Option 4 6%</b>
Number	179	313	309	353
%	15%	27%	27%	31%

## **Section 2: Feedback from Midlothian Tenant Panel, Drop in Events and other Groups**

### **Midlothian Tenant Panel**

Midlothian Council works with the Midlothian Tenant Panel in order that interested tenants can become more involved in tenant scrutiny and engagement projects with the Housing Service. Three members of the tenant panel met with Housing staff prior to the consultation period on the rent increase. The main points of feedback included:

- All Panel members were interested in giving their views in relation to the annual rent increase.
- All Panel members felt that the Newsletter provided good information about rent increase options and affordability and was well designed. The wording of one question was slightly amended following discussion.
- One Panel member suggested local advertising would help increase the involvement of tenants in this important issue and felt people should come to meetings and find out more.
- Panel members felt it was a good idea to involve Housing List applicants too. One Panel member noted that she had lived in homeless temporary accommodation for some time prior to being housed and would have found this information useful for her understanding about the level of housing need in the area.
- All Panel members were strongly supportive of additional new build housing but wanted to ensure that older housing would see investment in order that the condition of housing stock did not deteriorate.
- One Panel member recalled from a previous meeting with the Scottish Housing Network that Midlothian Council's recent rent increase of 5% was among the highest in Scotland and felt it was appropriate that, going forward, the annual increase should be lower than 5%.
- Two Panel members supported Option A (a 15 year new build premium). They felt this gave tenants certainty over how long they would pay a higher charge.

Some quotes from tenant panel members in relation to the rent setting strategy:

*“Midlothian Rents are pretty good. When I talk to my family and friends who are with other landlords and in other areas my rent charge is cheaper”*

*“You must keep building new homes – but my home was built in the 1930s and I want to know that some of my extra rent will go towards keeping it up to date.”*

### **Esk Place Tenant’s Association (Registered Tenants Organisation)**

Eight residents attended a meeting with Officers to discuss the Rent Consultation.

- In response to the question “Should the Council continue to build new council housing to help reduce the number of applicants on the housing list?”, the Group strongly agreed with this as they considered the need for more housing to be very high.
- Asked whether or not new build properties should be charged at a higher rate than older properties, there were mixed views. One tenant felt that you should only pay more if there are extra facilities that go with a new build property.
- With regard to the question of the level of consultation being carried out, several tenants asked for more feedback about what decisions are taken following the consultation period in order that they can see how their views have influenced decision-making. Some tenants also felt it was disappointing that more tenants did not engage with consultation or return their Survey Forms. One tenant raised long standing concerns about a repairs issue in his flat which he feels has not been satisfactorily resolved and considered this an example of when the Council does not listen. This tenant also felt that the service provided is poorer with the absence of the warden service. This was challenged by Housing Service staff as there was a consultation period in which the views of tenants at Esk Place were sought.
- Most tenants favoured a 3% rent increase.

### **Cowan Court Tenants Group**

The Cowan Court Tenants Group met on 12<sup>th</sup> January where there was 8 attendees. The Rent Consultation was discussed at the meeting. The following comments were made:

- Several tenants said they had not completed a Survey and did not think that many of the other residents had responded either.
- Several tenants felt they were already paying too much and would have preferred lower rent increase options than 3% or the option to freeze the rents for future years.

It may be the case that tenants have a negative view of the rent charge due to other charges they are required to pay in Cowan Court, such as housing support and communal heating charges.

### **Woodburn Tenants Group and Loanhead Tenants Group**

- Several tenants were concerned about repairs issues in their neighbourhood and were concerned that the focus for investment would be on new build housing. Attendees were assured that this was not the case.
- Some attendees felt it was unfair that certain individuals could get allocated a council house before them. The Officer present explained the issue was more the lack of supply of housing rather than the allocation of housing.
- One attendee felt that the consultation was a waste of time as Midlothian Council would decide whatever rent increase it wished. Attendees were assured that the Report of the Consultation would be considered by Officers and Members before any decision was taken.
- One attendee was concerned with her ability to pay for her rent charge, utility bills and council tax given she was reliant on the state pension.

### **Drop In Events**

Tenants and Housing Applicants were welcome to attend one of 4 Drop in Events in Midlothian to talk to staff about the consultation materials, ask questions, and provide feedback in an informal environment.

Drop in Events were held in the following locations:

## Appendix 1

- Buccleuch House, Dalkeith, Monday 8<sup>th</sup> January, 9:00 –11:00
- Penicuik Library, Tuesday 9<sup>th</sup> January 2018, 16:00 – 18:00
- Loanhead Centre, Wednesday 10<sup>th</sup> January 2018, 14:00–16:00
- Gorebridge Library, Thursday 11<sup>th</sup> January 2018, 16:00 –18:00

Drop in events attracted only a small number of attendees and the nature of attendees enquiries did not relate specifically to the rent consultation. This is consistent with the drop in events that took place in 2015, where tenants and housing list applicants generally wanted to discuss the Allocation Policy or new build housing and were not interested in discussing the rent increase.



### **Section 3: Rent Consultation Written Feedback**

As part of the consultation process for the rent setting strategy, applicants were able to provide written feedback in addition to their Survey comments. Of the 1,040 completed survey forms a total of 190 comments were provided. An additional two comments were made by letter. Many of the comments were similar in nature and some comments did not specifically relate to rent setting. Of the responses:

- 59 Responses were positive
- 58 Responses provided negative views about the rent setting options
- 75 Responses were neutral or not specifically related to the rent setting strategy. These included suggested improvements for the proposals.

This Section reviews some of the comments and suggestions provided and, where applicable, provides a response or recommendation in relation to the comment.

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
New Build Rent Costs - Positive	Rent is ok if you have a family but living alone in a four bed and on the housing list for over 4 years waiting on a 1 or 2 bed.	Noted. The Council's Allocation Policy is due to be reviewed and may be subject to amendment in order to increase downsizing activity.
	Perhaps link to inflation then 1-2%	This may be a viable approach in future years, however above inflation increases are required during the next three years in order to invest in new housing and maintain existing housing.
	I understand new builds would have higher rents but would expect higher standards with regards to bigger room size, 2 toilets, better insulated, more cupboards and more 4 beds in Danderhall would be welcomed.	Noted.
	There's a great shortage of housing and I think this idea would work very well.	Noted.
	People in older homes should be given first opportunity for a new build.	Every new council development has a Local Letting Initiative developed for it. Usually this prioritises lets for existing tenants who are overcrowded or under-occupying. This then provides a vacancy chain which provides a home for another applicant from the Housing List.
	The more money raised through annual rent increase would help to fund new housing projects. This in turn would give new/existing applicants a greater opportunity to rent a council house	Noted.

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
New Build Rent Costs - Positive	Rent on new builds should be higher than older homes and when the rent increases on the older home, then by all means the rent on the new home should increase	Noted.
	Reduce cost of private sector lets rent	Midlothian Council does not have legal powers to set rents in the private sector.
	Agree new build is the only way forward	Noted.
	How much cheaper would rents be if loan cost were reduced? What about including solar/wind panels in new builds? Then increase rent to average national costs which would still be cheaper than private lets.	Loan costs could only reduce if the Council borrow less – this would lead to a poorer standard of housing and no new building. Solar panels have been provided on many of the recently built developments and this will continue.
	Keep council housing affordable for average person	Noted.
	Feel present level works well	Noted.
	Agree with 82% of tenants that feel Midlothian Council rent charges are good value for money	Noted.

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Rent Setting – Negative	Been in house for 6 years and the rent has increased by 17%, how can that be fair as inflation hasn't went up by anything like that amount?	It is accepted that there have been above inflation increases in recent years to support investment in new and existing housing. Tenants are given the opportunity to vote on a range of options in terms of the annual increase. Midlothian Council rents also continue to be below the Scottish average for Registered Social Landlords.
	Rent taken in should pay for new build properties not rent increases	All revenue from rent payments support the ongoing maintenance of existing housing, staffing associated with the management and maintenance of the housing, and borrowing costs for the new build programme.
	There's a big difference in the average rent for old and new properties, for first time tenants this can be tough.	Applicants are able to refuse an offer of a new build property without their application being suspended if they consider the rent charge to be too high.
	As a rent and tax payer, people like myself are having to subsidise people living on benefits. We're paying higher rents but wages rises are going up by 1%, I'm earning less now than 5 years ago. I'm privileged to have a new build but most of my neighbours are on benefits and have no respect for the estate as it is covered in rubbish, they are too lazy to use bins, this is why I'm against a large rent increase.	<p>We would advise contacting your Housing Officer in respect of issues relating to estate management. Tenants who pay their rent from earned income do not pay a higher rent than tenants who are reliant on benefit payment.</p> <p>Options between 3% and 5% have been recommended in recognition that many working families would be in favour of choosing a lower annual rent increase.</p>

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Rent Setting - Negative	None of this matters to me, I have given up hope of getting a home – 10 years waiting and no sign of movement.	An increase of at least 1,000 new council homes will significantly increase the chances of applicants being offered housing. Applicants are advised to consider widening their housing choices on their application to potentially reduce the wait for new housing.
	Rents are too high for 1 beds some are nearly 60 years old.	1 bed older housing is the lowest rent charge for housing let by the Council and this charge is significantly lower than the Scottish average.
	We should not be paying for new homes. My rent should cover my property. Is this legal under tenancy legislation? I will be approaching Shelter for advice.	The Housing Revenue Account can be used to support funding for new council housing subject to consultation with tenants.

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Rent Setting - Negative	Means test new tenants.	It would be illegal for Midlothian Council to take income into account when making decisions about allocating to tenants.
	Would it not be better use of money to buy back ex council homes?	Whilst it might be initially cheaper to purchase ex council houses, it is a cheaper longer term investment to build new housing which will require lower maintenance costs compared to a 50 year old house.
	Other councils sometimes freeze their rents, why not Midlothian Council?	Very few councils have frozen their rent charges in recent years, with many raising rents by similar levels to Midlothian Council in order to fund new council housing. Midlothian Council rents are close to the Scottish average for Councils and substantially lower than other RSLs with stock in Midlothian.

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Rent Setting - Neutral	Concern about more houses being built unless more Health Centres are also being built. Also this results in less countryside. I'm satisfied with the current setting. Why does the Council not buy ex-council houses when they go on the market?	<p>When new homes are built a contribution towards community facilities such as school provision and transport infrastructure are paid in order to meet the need for an increased population. It is also the case that the vast majority of housing applicants already live in Midlothian so new development does not necessarily result in an increased population.</p> <p>Midlothian Council does buy properties (including ex-council housing) for sale on the open market depending on the level of demand for the house type, value and condition of the home.</p>
	Social housing rents should be based on weekly or monthly earnings on a minimum rate pay national or living rate.	As noted in the Consultation Newsletter, Midlothian Council rents are judged as being affordable for a full time worker earning the National Living Wage.
	Don't leave empty houses too long, don't waste money on windows and doors when not required.	Rent loss for empty council homes is low and properties do not sit empty for long due to the high level of demand. The condition of fixtures and fittings are assessed prior to works taking place.
	Older properties should have their rent frozen until new windows and doors are put in also more accessibility to the loft. New builds should have higher rents as they have more up to date fixtures and fittings.	Noted. All properties are have maintenance programmes which determine when upgrades are required.

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Rent Setting - Neutral	Rent should be the same for Midlothian 4 bed older properties and 4 bed new builds (older properties are more sturdy than new builds).	Given that new build homes are being funded from a rent increase being applied to all tenants it seems more appropriate that tenants that benefit from a new build home pay a greater share of the cost towards the building programme.
	Is it possible to have cheaper rents for pensioners?	Legislation prohibits varying rent levels according to the economic circumstances of the tenant.
	I do not pay rent so this does not apply to us.	Tenants who are reliant on Housing Benefit or Universal Credit are still entitled to have a say on changes to rent charges made by Midlothian Council.
	Older properties have higher fuel bills.	Noted. This is acknowledged and there is an awareness that a new build tenant is likely to pay lower fuel bills which may partly mitigate the extra cost of paying a 25% premium on a new build property.
	Concerned about length of time on waiting list. Why have homes purchased through Right To Buy not been replaced?	Homes sold via the Right to Buy were sold at heavily discounted values and income received would only replace a small amount of the homes that were sold.
	Not a consultation as only offer limited options. Why not 0% and no new bulids and change allocations policy.	Council Officers consulted with Midlothian Tenant Panel members prior to the rent setting options being finalised. A 0% rent increase would not be possible unless there was a substantial reduction in investment in older housing stock. The vast majority of tenants and applicants support new build investment.  A separate consultation regarding the Allocation Policy will take place during 2018/19.



Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Letter 1	I am disgusted that you have the audacity to insult Midlothian Tenants by asking them to fill in a consultation when your rents policy has already been made for the next three years just in the same way you did with the last rent consultation (the result of which was never published).	No decision will be taken on the Rent Setting Strategy 2019/20 – 2021/22 until the February 2018 Midlothian Council meeting. The Report on the Consultation will be provided to Elected Members and published at <a href="http://www.midlothian.gov.uk">www.midlothian.gov.uk</a> . The previous Rent Consultation Report was published in December 2015 and remains available to view.
	Older houses do not have any debt against them and have been paid for many times over. Older homes rents should be reduced.	Older homes are maintained and require ongoing investment in roofing, harling, heating etc. New build homes rents are higher to support the cost of developing these homes.
	The way your Consultation Paper is set out and the way propaganda is couched in it puts the onus on tenants that it is their duty to pay for the building of new council houses. No other citizens of Midlothian are expected to contribute. But they are entitled to be housed by the Council if they become homeless if evicted by a private landlord or cannot afford to pay their mortgage. The government should pay for these houses just as they did after the war when we had nearly three times the national debt that we now carry.	The taxpayer does contribute to the development of new council houses as the Scottish Government provide grant funding towards the development of new affordable homes. Midlothian Council receives £57,000 per home that is built. The UK Government did provide subsidies for council housing after the Second World War although this did not pay for the entire cost of development. The current government grant arrangements to Council's are at the highest level since the 1970s.
	The disastrous Right to Buy meant the loss of around 6,000 council houses which is the main contribution to the devastating loss of stock and homelessness. It would be helpful to me if you could supply me information on what happened to the money acquired from the sale of these houses.	Income generated from Right to Buy sales remains in the Housing Revenue Account and contributed to the healthy financial position of this Account. However, legislation required that homes were sold for significantly less than their market value and therefore was not high enough to replace stock sold off.

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Letter 1	<p>We live in a time of austerity where the poor and needy suffer the most, the mass of these people live in council houses so why does Midlothian Council pursue with further rent rises.</p> <p>I would like to share this letter with the Councillors and Executives who make these Policies and I would like a reply to this letter.</p>	<p>It is acknowledged that there are significant numbers of households living in poverty. However, the Council needs to balance the affordability of the rent charge with the need to provide a significant increase in new housing to meet the housing needs for many households who do not currently have access to suitable housing in Midlothian</p> <p>As requested the key points of the letter was in included in the Consultation Report. A letter noting these points has been sent to the tenant.</p>
Letter 2	<p>I've just read the recent rent setting survey and I'm shocked and angry at the rent premium proposals. The premium should END after 10 years.</p>	<p>In respect of your view that the new build rent premium should end after 10 years, the Policy agreed by the Council in November 2009 was as follows:</p> <p><i>“The weekly rent for new build properties is 25% higher than that of the equivalent size of existing property. Over time it is appropriate that new build and existing rents should converge and it is therefore proposed to achieve this by applying a rent increase for each new build property of 2% below the general increase starting with the first rent increase which is applied 10 years after the whole site was completed.”</i></p> <p>Midlothian Council is now consulting on potentially changing this policy and consider the fairest way to make a decision on the new build premium is to give tenants and housing list applicants a say on their favoured approach.</p>

Appendix 1

Response Category	Individual Response	Council Response/Recommendation
Letter 2 cont.	<p>Can you tell me how much income Midlothian Council gets per annum from the Premium? Can you also tell me how much % rents would have to increase across the board to make up for the loss of income should the premium END after the 10 years? What's the Council's thoughts on this proposal?</p>	<p>In terms of how much income Midlothian Council receives from the new build premium in a year, I can advise approximately £722,000 per annum is received from over 1,000 new build homes. This directly supports the funding of the Council's new build programme which has so far allocated £208.3 Million on building new council homes in Midlothian.</p> <p>The effect of ending the premium after 10 years: current projections show we would need to increase all rents by 5% in 2018/19 and by 3% every year for the next 15 years. This would not allow for any additional new housing to be built. Many tenants in older housing state that they do not think that they should be paying extra for homes to be built for other people so we recommend the new build premium to avoid placing a higher burden on tenants who live in older properties and do not get the benefit of living in a recently built home.</p>
	<p>Can you also tell me how much this premium costs a tenant over the 10 year period for a 1,2,3&amp;4 bedroom property please? Did you make tenants aware of this premium and its exact cost?</p>	<p>The total additional rent payment as a result of the new build premium over the duration of the 10 year period for a property built in 2017 is detailed in the table below. This shows that, for instance, a tenant who moved into a 2 bedroom new build property last year would pay an extra £10,000 over 10 years compared to a tenant living in an older property. Upon being offered a new build property an applicant is able to refuse (without their application being suspended) if they consider the rent charge to be too expensive for them. When an applicant is offered a property they will be provided with the address and property type and the monthly rent charge for the property.</p>

Appendix 1

		<p style="text-align: right;"><b>Premium Rental Element (Assuming Handover 1st April 17)</b></p> <p style="text-align: right;"><b>Total Average Premium for 10 Years</b></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">1 Bed</td> <td>£8,981.44</td> </tr> <tr> <td>2 Bed</td> <td>£10,139.48</td> </tr> <tr> <td>3 Bed</td> <td>£10,846.16</td> </tr> <tr> <td>4 Bed</td> <td>£11,305.32</td> </tr> </table>	1 Bed	£8,981.44	2 Bed	£10,139.48	3 Bed	£10,846.16	4 Bed	£11,305.32
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<p>Letter 2 cont.</p>	<p>Whilst charging tenants this premium do these premises really still come into the "affordable housing" bracket?</p>	<p>Council homes are being provided at an affordable rent which are significantly lower cost than private rented properties and also lower than many housing association properties that are let in Midlothian. I would also advise that a new build tenant with one household member who works full time earning the minimum wage and lives in a recently built 4 bedroom house (which is the most expensive rent charge of all our homes) would be paying 35% of their gross income of their rent. Their rent is therefore still considered to be affordable for them to pay.</p>								

## Conclusion

The main points following the consultation period on rent setting are as follows:

- Tenants and Housing List Applicants are more interested in responding to a Survey than attending public meeting.
- A very high proportion of Tenants and Housing List applicants recognise there is a shortage of affordable housing in Midlothian and support continued investment in council housing.
- Most tenants and Housing List Applicants supported higher rents for new build housing.
- A total of 56% of respondents chose Option 1, a 3% rent increase per annum for three years between 2019/20 and 2021/22.
- Despite support for new council housing many respondents were concerned that investment in the older housing stock should continue and some were concerned about the level of rent increases in recent years.
- In terms of the new build premium, Option C – freezing the rents at current levels until older housing catches up – was the most popular choice 41%. However, when tenants alone were considered 42% of tenants who responded preferred the proposal of a 15 year new build premium after which rents reduce to the level of older council housing.